

## [Krugman \(Both of Them\) on Competitiveness](#)

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When it became clear that President Obama would make “competitiveness” a theme of his SOTU address, I looked forward to seeing Paul Krugman’s statement pointing out how much nonsense that is. Here he is, after all, in his excellent 1997 book, *Pop Internationalism* (MIT Press):

...International trade, unlike competition among businesses for a limited market, is not a zero-sum game in which one nation’s gain is another’s loss. It is [a] positive-sum game, which is why the word “competitiveness” can be dangerously misleading when applied to international trade.

Sure enough, President Obama’s speech last night was peppered with references to “the competition for jobs,” “new jobs and industries take root in this country, or somewhere else, “the competition for jobs is real,” etc. And of course there was a healthy dose of the usual mercantilist obsession with exports.

Although written before the President’s address was delivered, what would Paul Krugman 2.0 think of this sort of talk? The title of his column Sunday was certainly encouraging: “[The Competition Myth](#).” But the substance of the column went in a ... er... *different* direction from that which I had anticipated/hoped:

...talking about “competitiveness” as a goal is fundamentally misleading. At best, it’s a misdiagnosis of our problems. At worst, **it could lead to policies based on the false idea that what’s good for corporations is good for America...**

So what does the administration’s embrace of the rhetoric of competitiveness mean for economic policy?

The favorable interpretation, as I said, is that it’s just packaging for an economic strategy centered on public investment, investment that’s actually about creating jobs now while promoting longer-term growth. The unfavorable interpretation is that Mr. Obama and his advisers really believe that the economy is ailing because they’ve been too tough on business, and that what America needs now is corporate tax cuts and across-the-board deregulation. [emphasis mine]

In other words, Krugman’s objections to the “competitiveness” rhetoric are based on his fear that it will lead to policies favorable to corporations, not that the whole concept is flawed.

[Disclaimer: the above is by no means an exhaustive analysis of the problematic parts of the column]

I yield to no-one in my admiration for Paul Krugman, trade economist. He made a real contribution to the discipline I've loved since I was a teenager. But Paul Krugman, columnist...not so much.